



TELENOR GROUP

Second quarter 2019

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2019 compared to the same quarter of 2018 and accounting standards as of 31 December 2018, unless otherwise stated. Outlook for 2019 is given on the IAS17/IFRS 15 accounting standard.

Highlights - Second quarter 2019

Revenues of NOK 28.0 billion, with 40% EBITDA margin

Subscription and traffic revenue improvement in Thailand and Myanmar

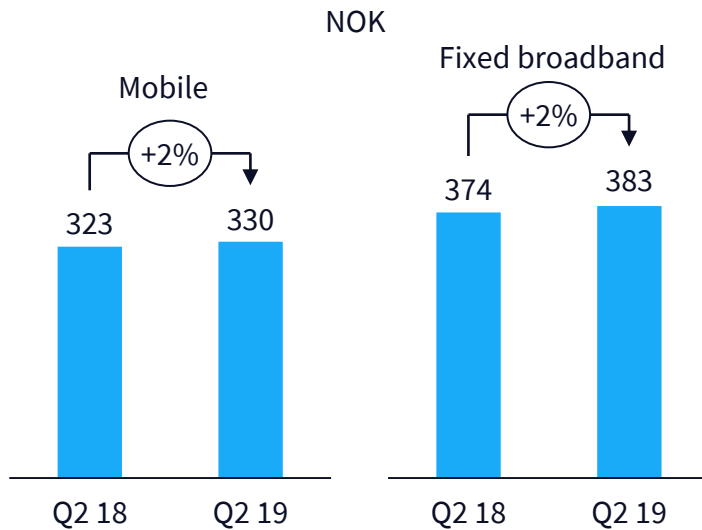
Double digit revenue growth in Bangladesh

2% mobile ARPU growth and continued fibre momentum in Norway



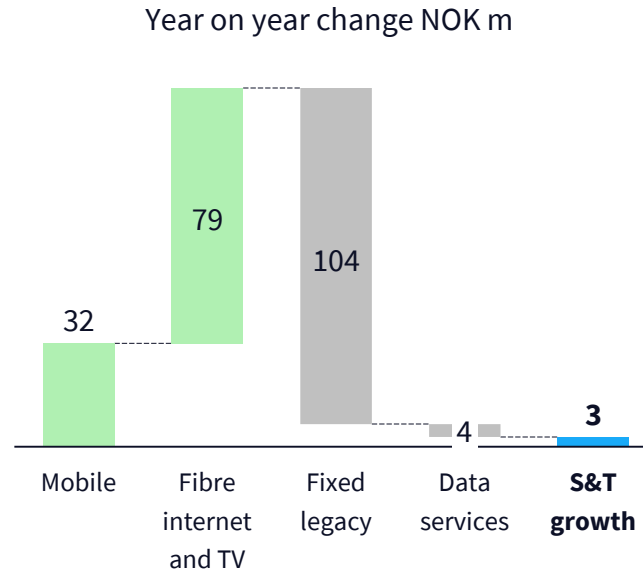
Continued robust performance in Norway

ARPU growth across mobile, fixed and TV



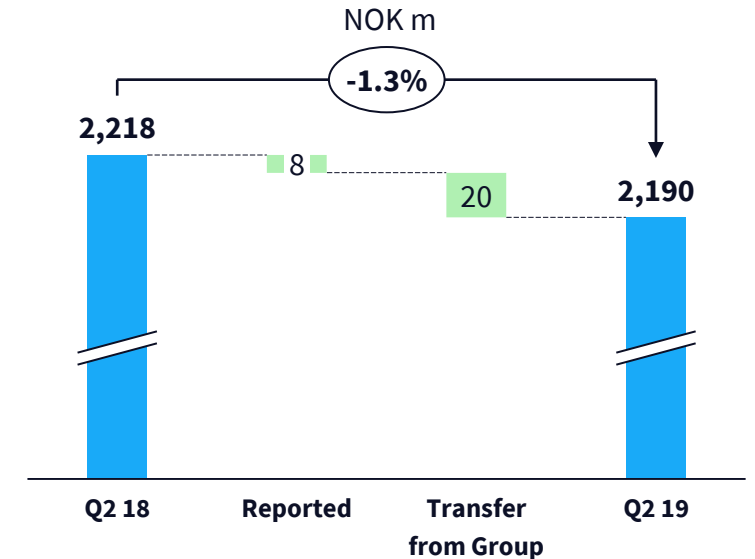
- > In addition, 3% ARPU growth within TV services

Stable subscription and traffic revenues



- > 20% fibre growth more than offset by decrease in copper related products

1% underlying opex reduction

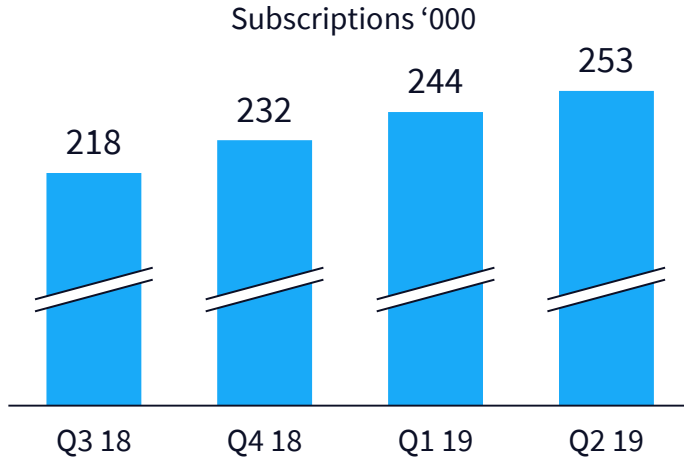


- > Underlying opex reductions driven by improvements in sales & marketing and operation & maintenance



Good progress on Norway's copper decommissioning roadmap

Solid fibre roll-out momentum



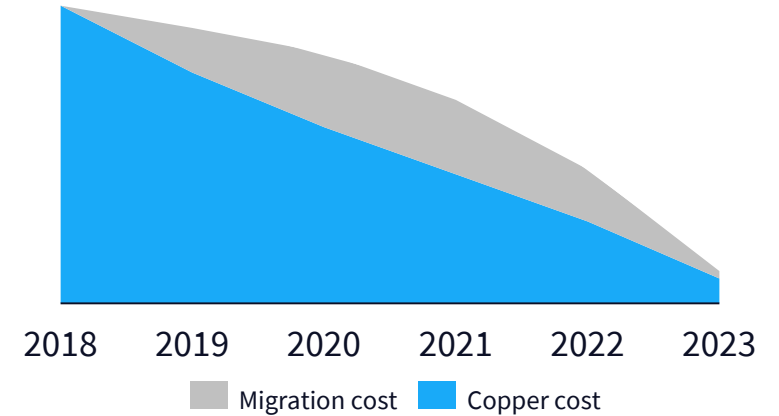
- > Added 10,000 subscriptions in Q2 – in line with plan
- > Higher net adds expected in the second half of 2019

Fixed wireless product launched



- > 10, 30 and 100 Mbit/s offered
- > Geo locked
- > 2,000 subs connected since launch

Cost phasing as previously communicated



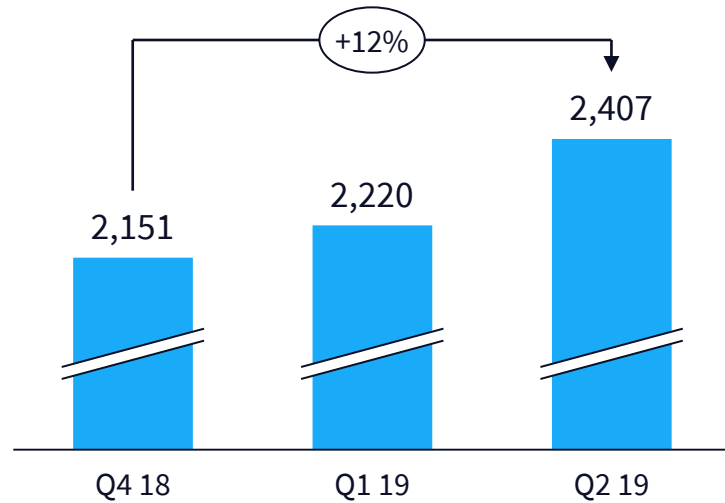
- > Continued strong fibre roll-out momentum
- > Copper cost base of NOK 1.2 bn (2018)
- > Decreasing copper cost partly offset by migration cost



Improved revenue trends in Thailand and Myanmar

Myanmar

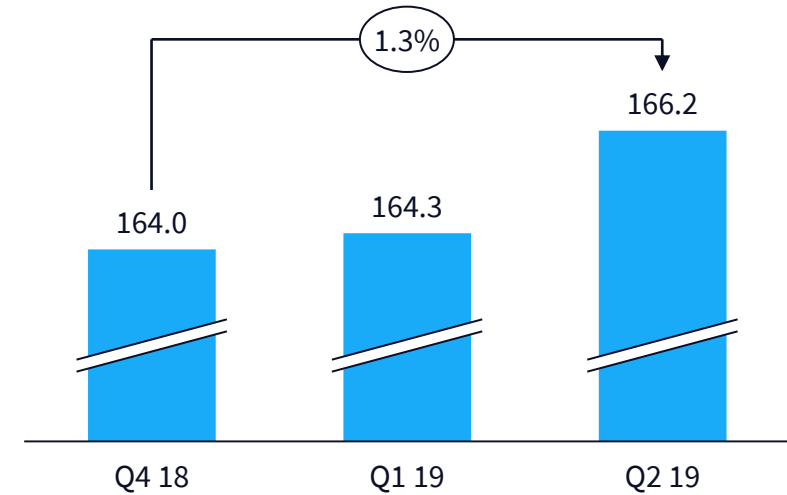
Avg. daily subscription and traffic revenues (MMK million)



- > Subscriber growth of 2.6 million year to date
- > Price floor regulation (Sep-18) impacting yoy growth

Thailand

Avg. daily subscription and traffic revenues (THB million)



- > Solid postpaid revenue growth of 5% combined with improved prepaid development is supporting sequential improvement



Ongoing portfolio development in line with strategic ambitions

Acquisition of majority stake in DNA in Finland

- › Agreement with Finda and PHP to acquire 54% of DNA in Finland signed on 9 April
- › Approval from EU commission on 15 July
- › Closing of transaction in August after receiving all customary approvals
- › Mandatory tender offer for remaining shares to be offered at EUR 20.90



Combination with Axiata in Asia

- › Merger discussions announced on 6 May
- › Significant potential for value creation through USD 5 billion in estimated synergies
- › Aiming to conclude agreement in Q3
- › Regulatory approvals anticipated in 9-12 months following an agreement





TELENOR GROUP

Second quarter 2019

Jørgen C. Arentz Rostrup, CFO

Steady execution on strategy to modernise Telenor



GROWTH



EFFICIENCY

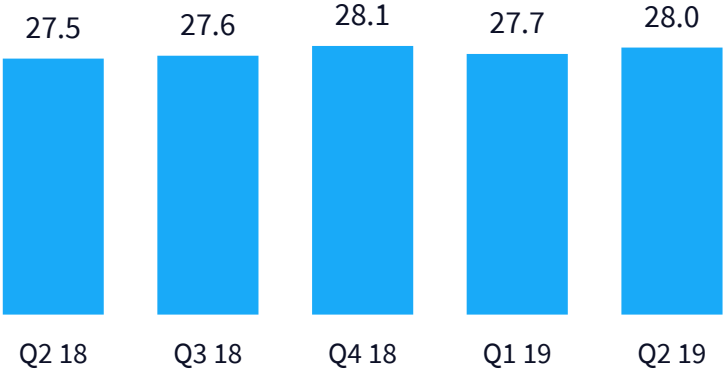


SIMPLIFICATION



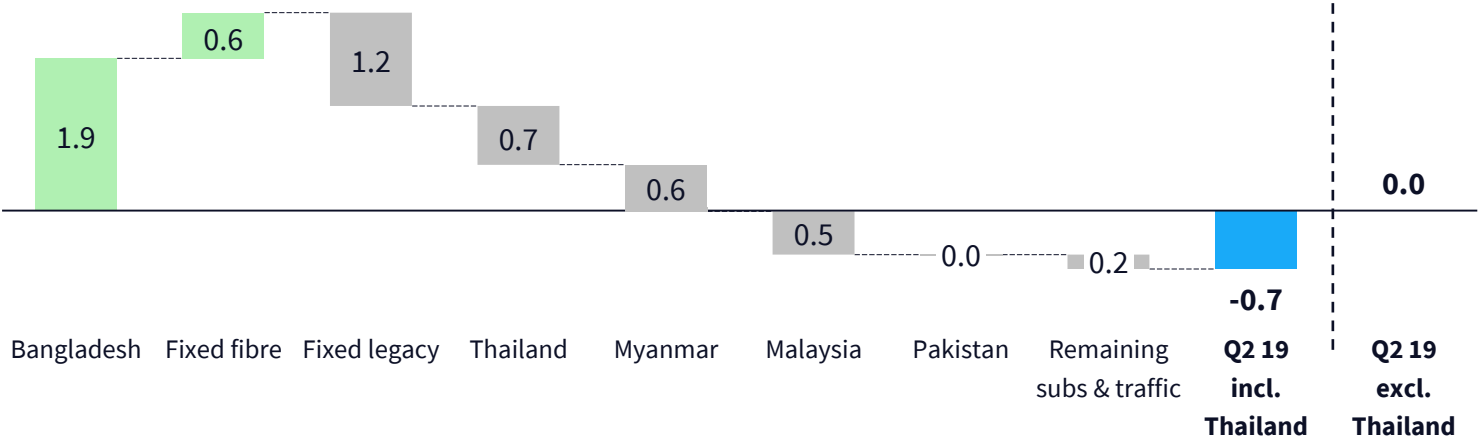
Slight decline in subscription and traffic revenues

Total revenues (NOK bn)



- > Reported revenues increased by 2%
- > Organic revenues grew 1%

Organic subscription & traffic revenues growth (%)



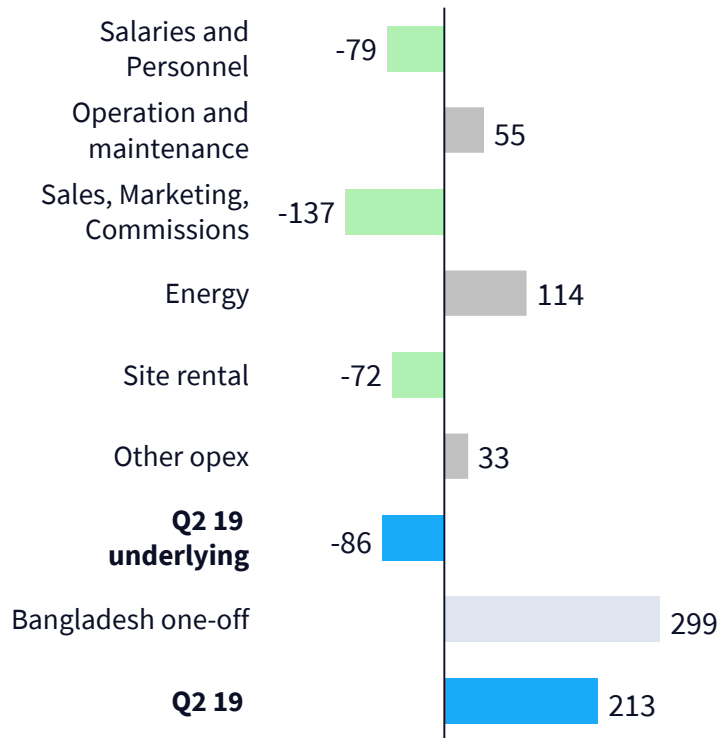
- > Strong growth in Bangladesh and continued fibre momentum in Norway
- > Pressure from developed Asia, fixed legacy and tax related effects in Pakistan

Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony, data services and DTH



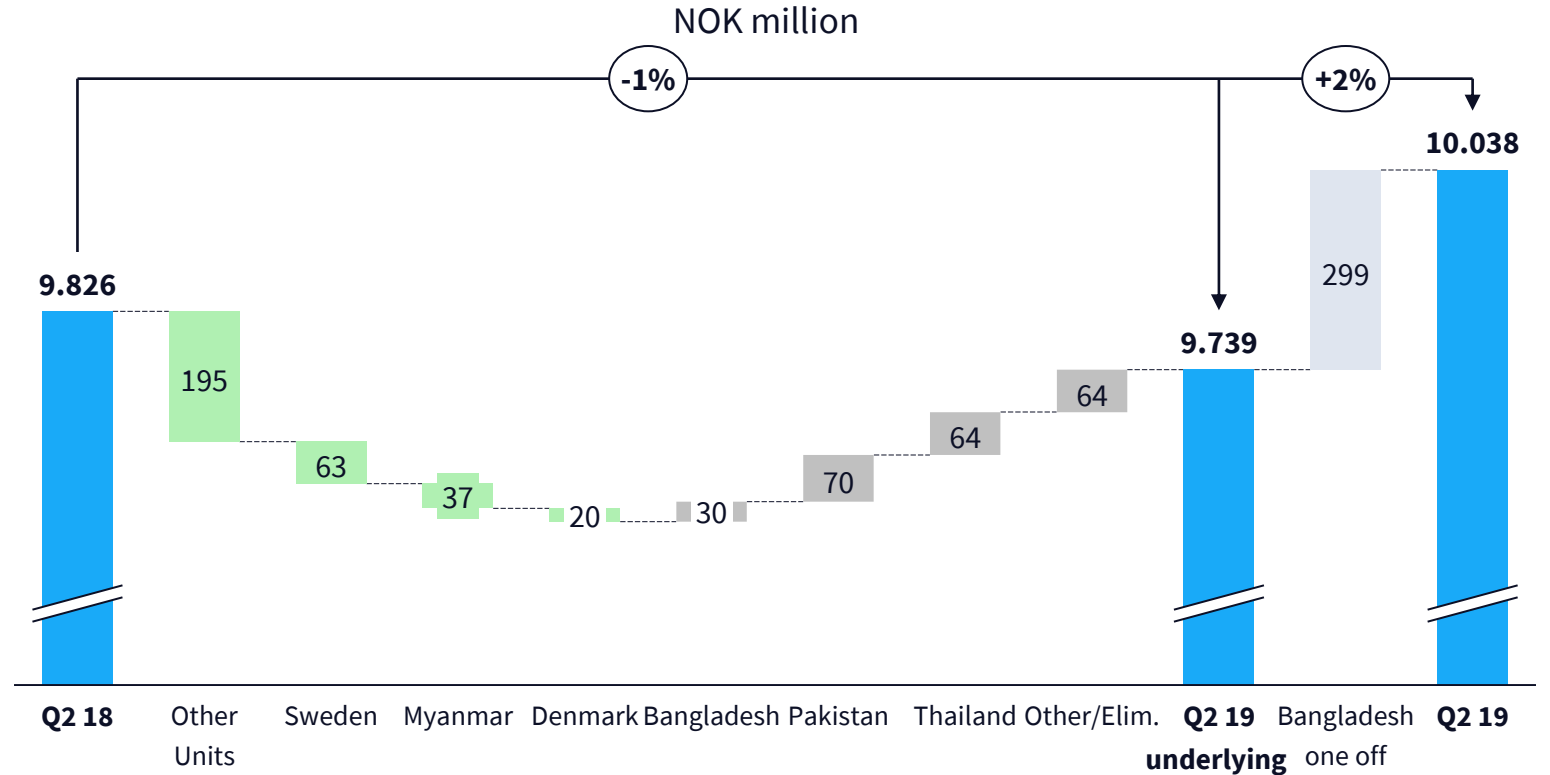
Underlying decrease in line with communicated ambition

Opex by category (NOK m)*

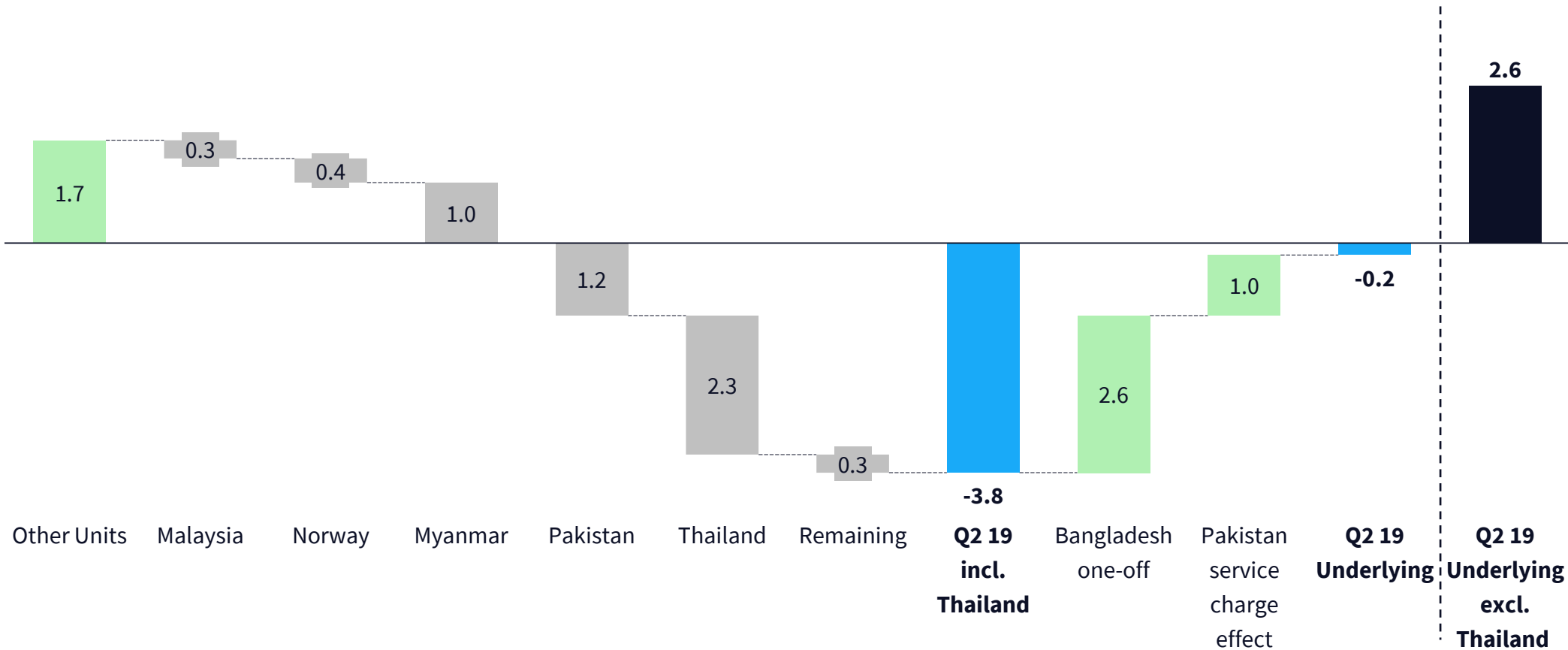


* FX adjusted

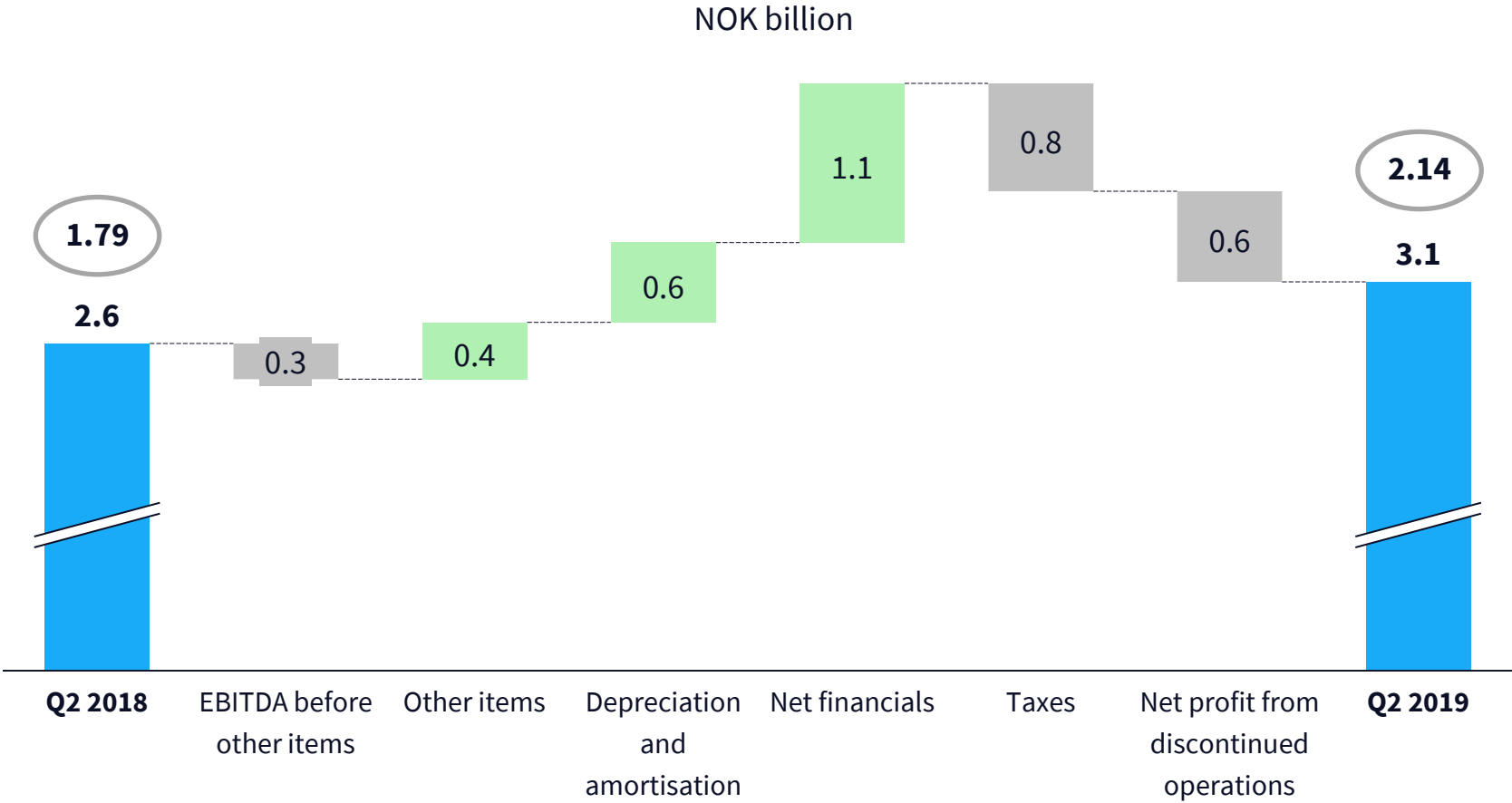
Opex by country (NOK bn)*



EBITDA growth impacted by one-offs and tax related effects



Net income of NOK 3.1 billion to equity holders of Telenor

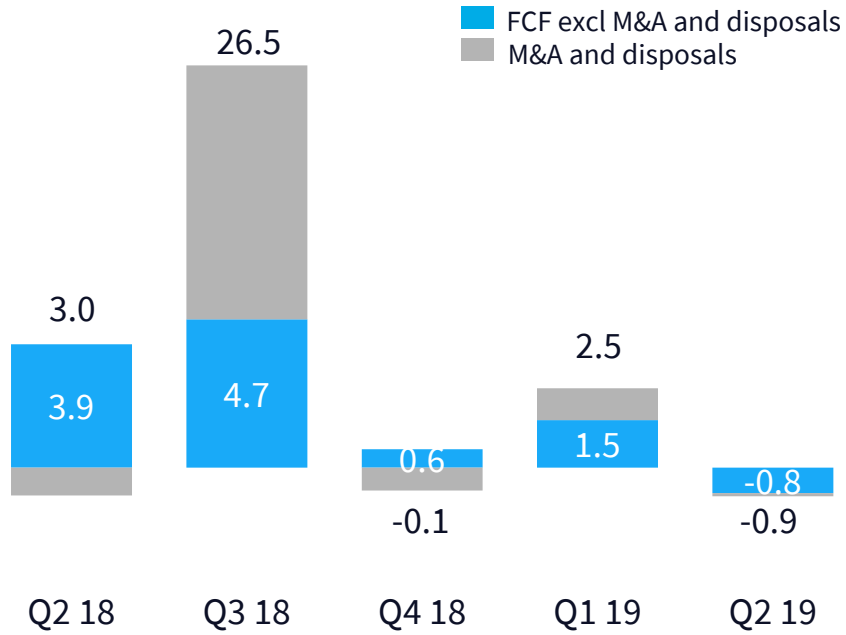


○ Earnings per share

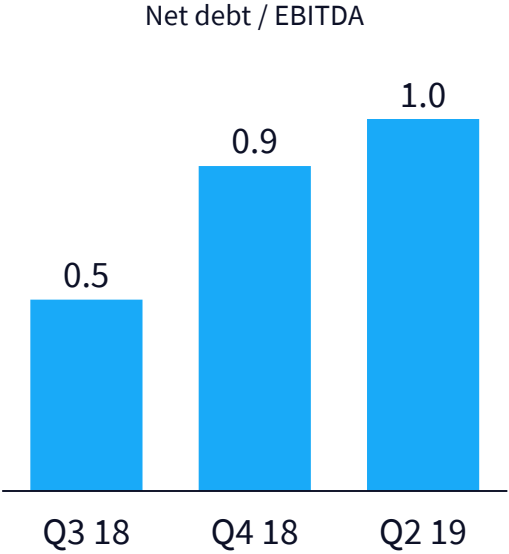


Free cash flow of NOK 1.6 billion YTD – negatively impacted by CAT settlement and capex phasing

Free cash flow (NOK bn)



Leverage and distribution to shareholders



- > NOK 7.3 billion pay-out to shareholders in Q2
 - > Dividend
 - > Share buyback
- > Share buyback 25% completed
- > DNA acquisition to increase leverage by 0.35x (54%)

Free cash flow to equity holders of Telenor ASA



Outlook for 2019 updated, including Thailand

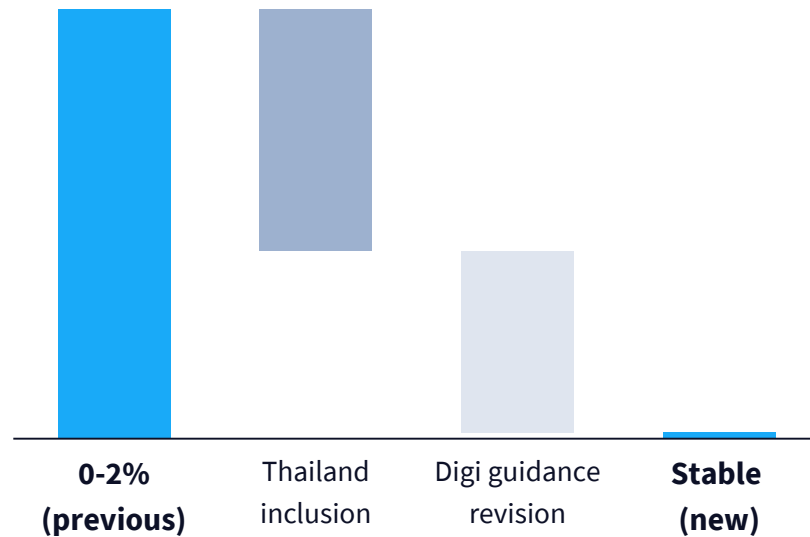
	Previous outlook	New outlook	YTD
Organic growth in subscription & traffic revenues	0-2% <i>Excluding Thailand</i>	Around 2018 level	-0.4%
Organic EBITDA growth	1-3% <i>Excluding Thailand</i>	Low single digit decline*	-3.7%
Capex excl. licences (NOK bn)	16-17 bn	16-17 bn	8.1 bn

*The outlook for 2019 is based on Group structure as of 30 June 2019 and excluding M&A costs related to the acquisition of DNA and the planned merger with Axiata in Asia. Subscription & traffic revenues from mobile, fixed and TV services, incl. Canal Digital DTH. Org. revenue growth in fixed currency, adj. for acquisitions and disposals. EBITDA before other items. Current Group structure and accounting standards as of 31 December 2018.

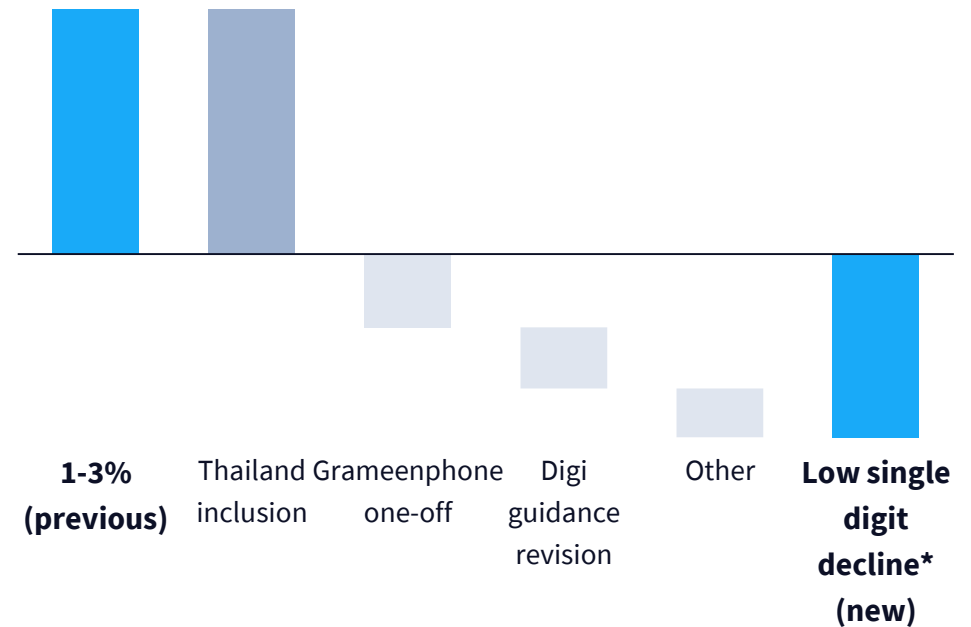


Reconciliation of previous and new outlook for 2019

Organic subscription and traffic revenues



Organic EBITDA growth



*The outlook for 2019 is based on Group structure as of 30 June 2019 and excluding M&A costs related to the acquisition of DNA and the planned merger with Axiata in Asia. Other EBITDA is linked to flat revenue development in Pakistan in Q2, loss of Komplet wholesale revenues and additional regulation on special numbers in Norway



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Revenues of NOK 28.0 billion, with 40% EBITDA margin

Subscription and traffic revenue improvement in Thailand and Myanmar

Double digit revenue growth in Bangladesh

2% mobile ARPU growth and continued fibre momentum in Norway





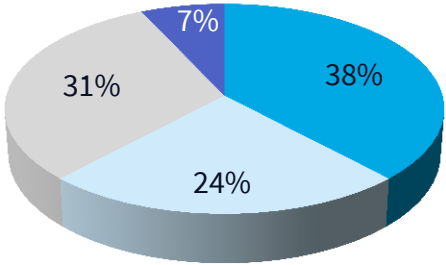
TELENOR GROUP

Second quarter 2019

Appendix

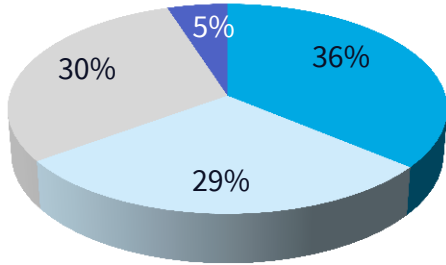
Geographic split of key financials in 1H 2019

Revenues



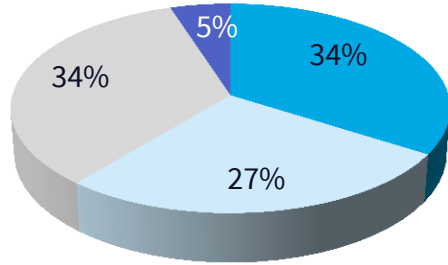
- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.



Responsible business, empowering societies

“We are well positioned to help deliver on the UN Sustainable Development Goals. We’ve chosen to focus particularly on SDG #10, “Reduced Inequalities”.

SDG #10 is ingrained in our global business strategy, the way we provide access to services that foster inclusion and empowerment, and strive to influence and raise working and operating standards in the markets we serve.”

Sigve Brekke, Telenor Group CEO

**EMPOWER
SOCIETIES**



“Best telco in Scandinavia “

“Among the 10% best in industry”



FTSE4Good

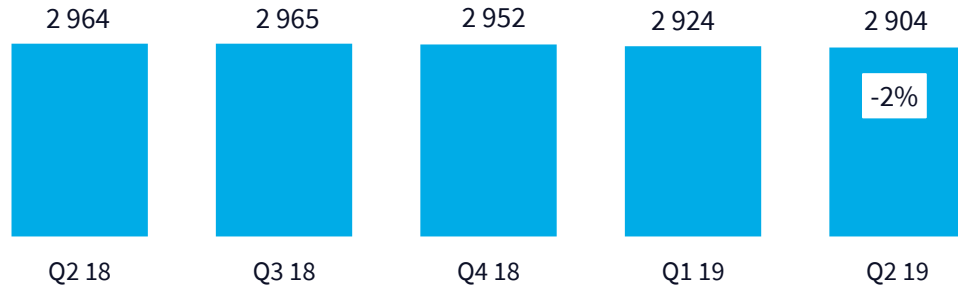
*“A constituent of the
FTSE4Good Index Series”*

*«Outperformer compared
to industry peers»*

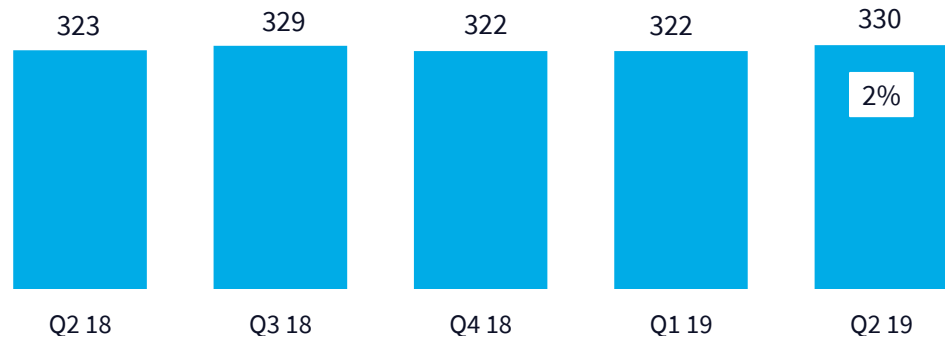


Norway

Mobile subscribers ('000)

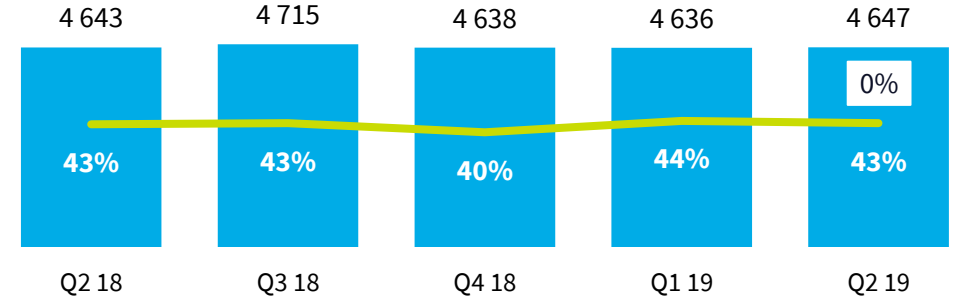


Mobile ARPU (NOK/month)

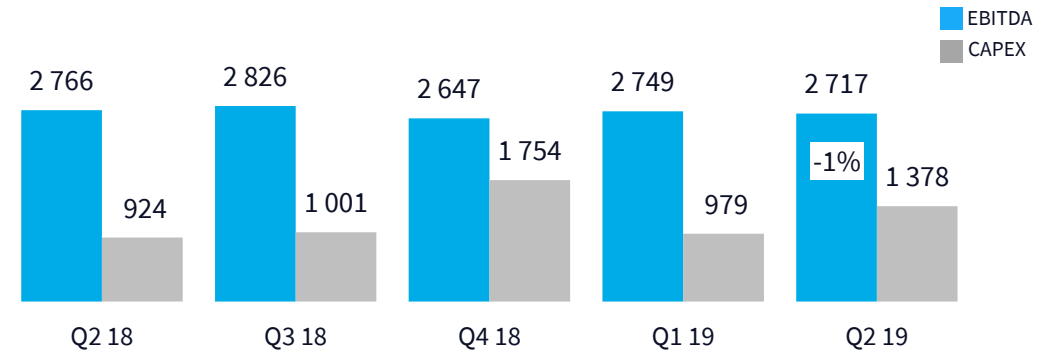


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

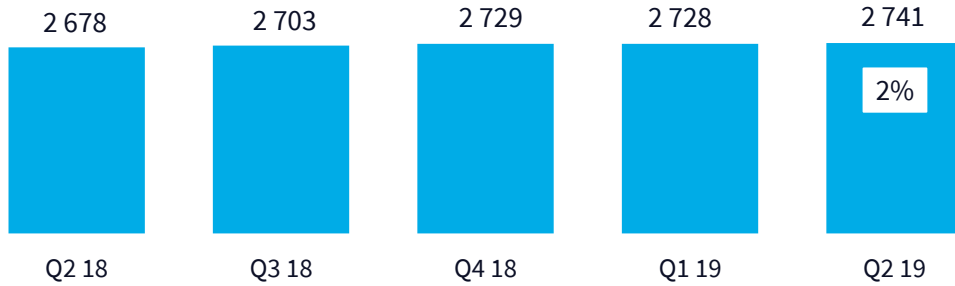


Organic growth

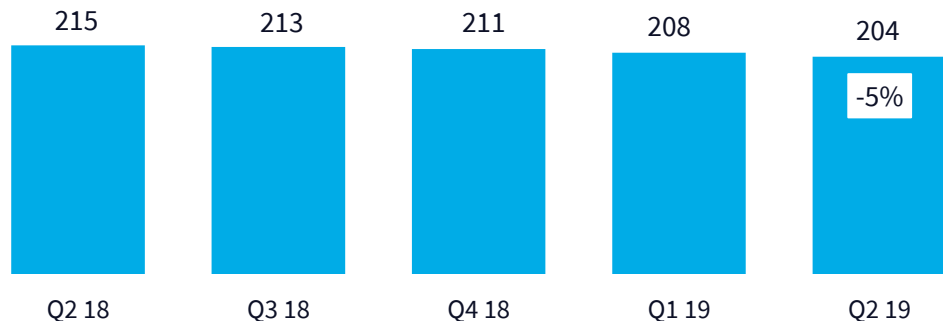


Sweden

Mobile subscribers ('000)

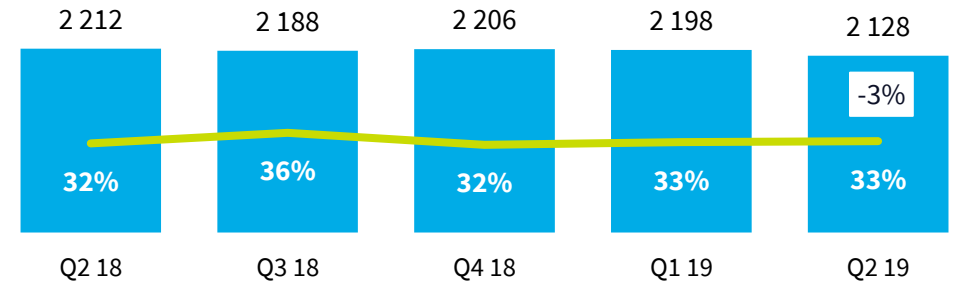


Mobile ARPU (SEK/month)

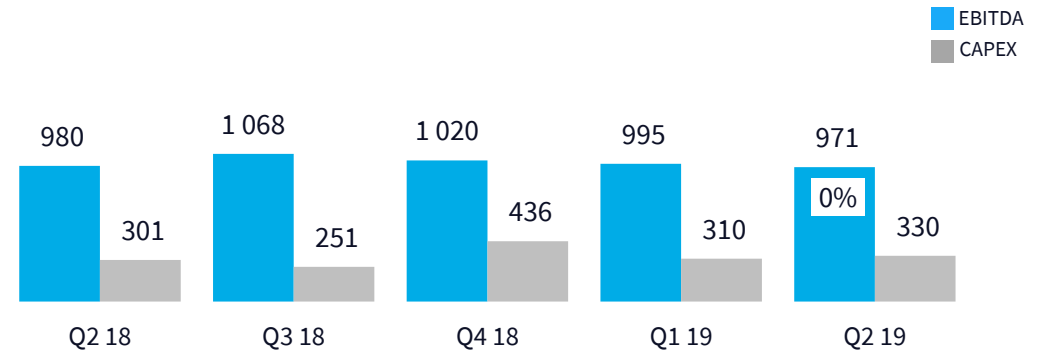


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs. and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

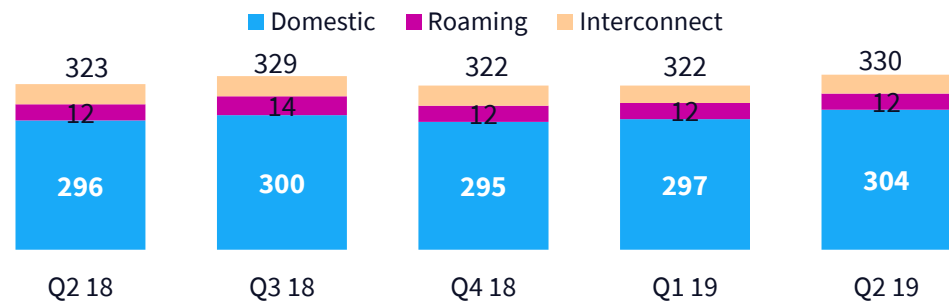


Organic growth

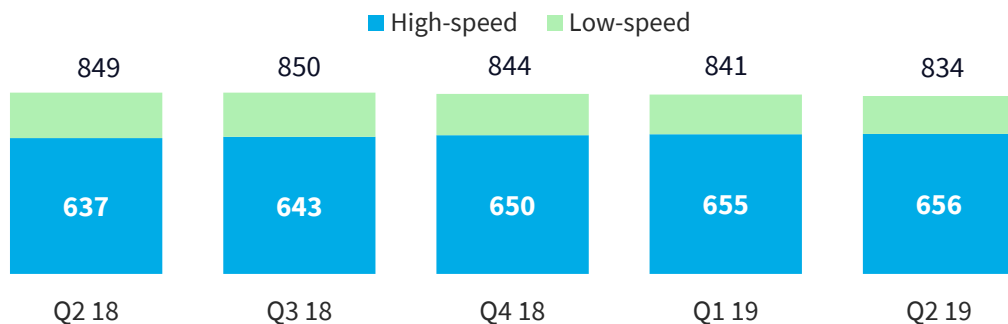


Additional information – Norway and Sweden

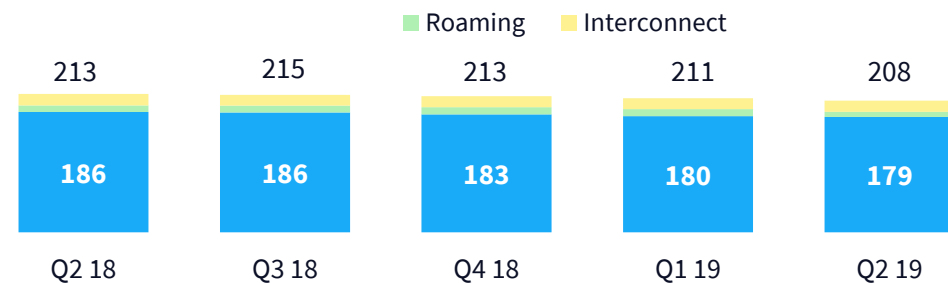
Mobile Norway – mobile ARPU (NOK)('000)



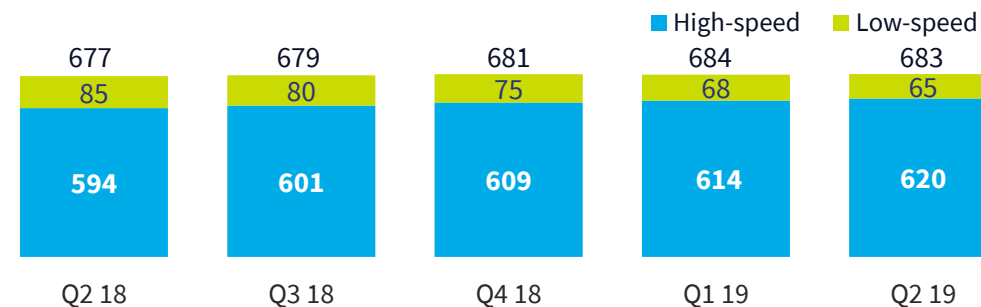
Norway – fixed broadband subscribers ('000)



Sweden – mobile ARPU (SEK)

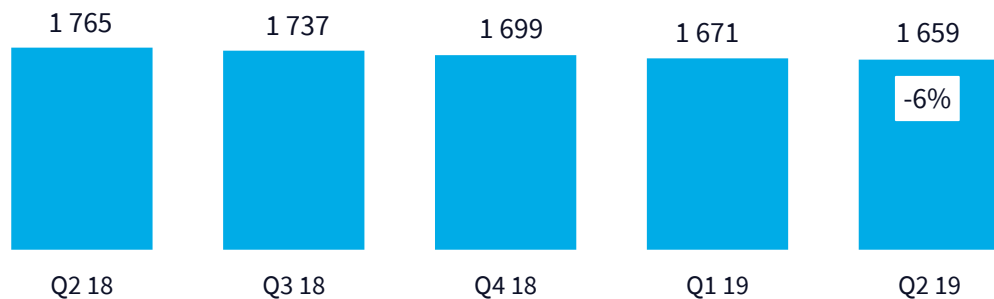


Sweden – fixed broadband subscribers ('000)

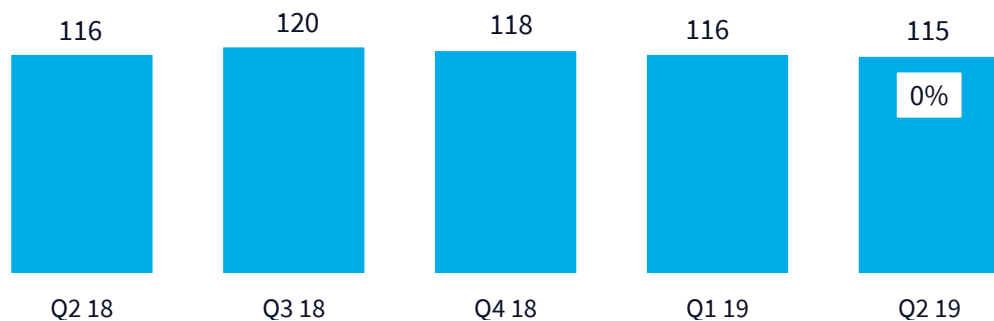


Denmark

Mobile subscribers ('000)

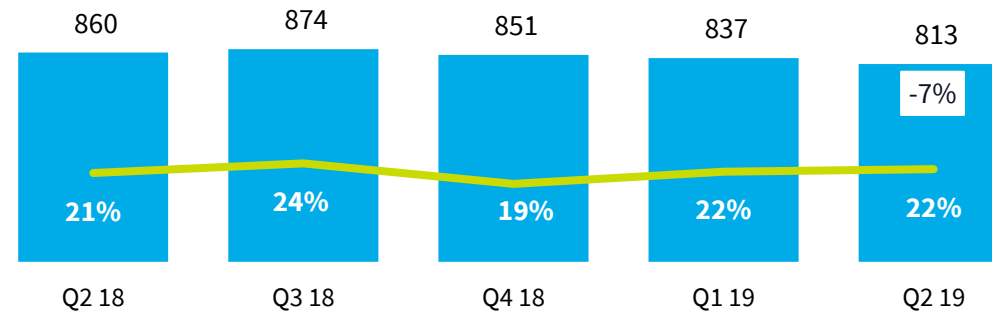


Mobile ARPU (DKK/month)

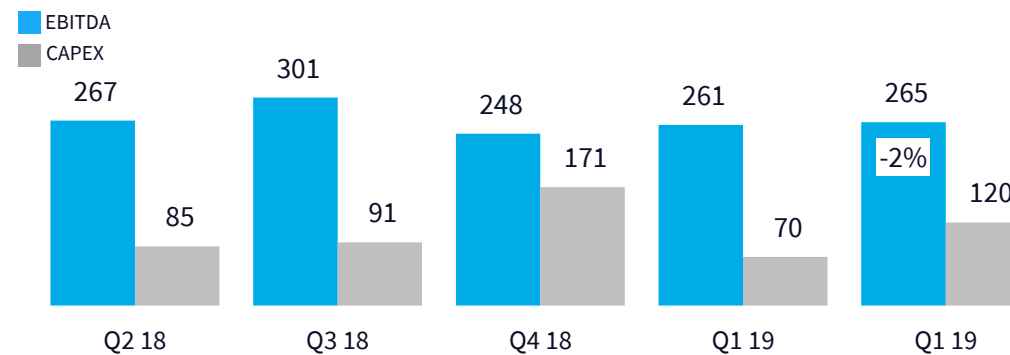


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

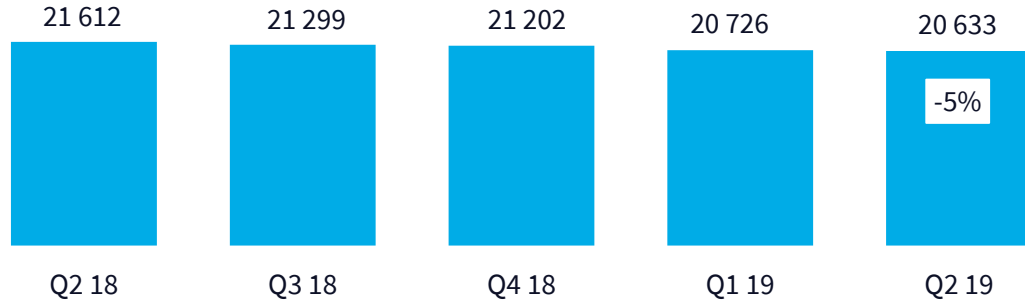


Organic growth

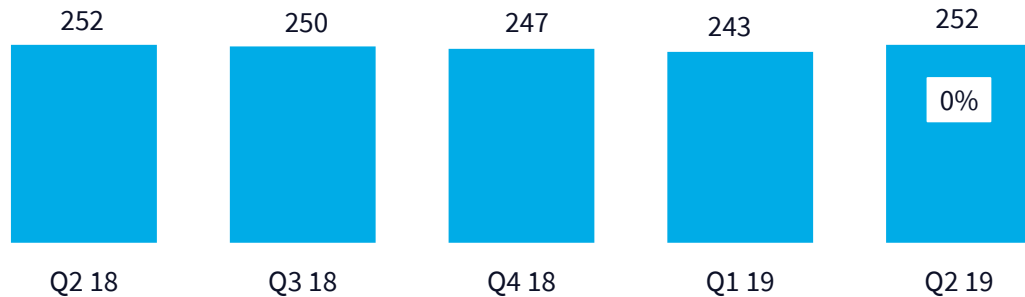


Thailand (dtac)

Mobile subscribers ('000)

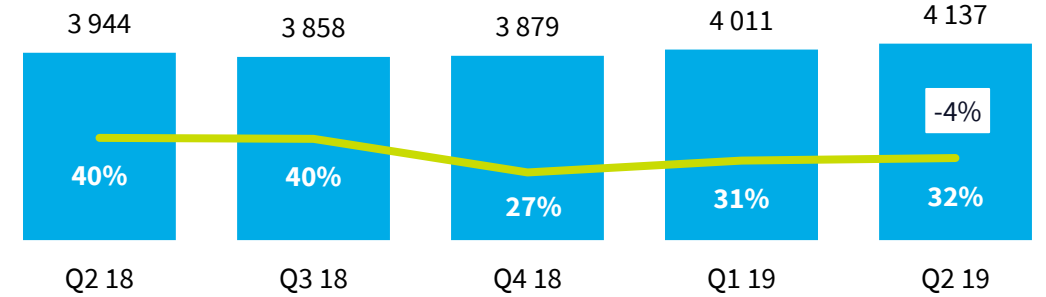


Mobile ARPU (THB/month)

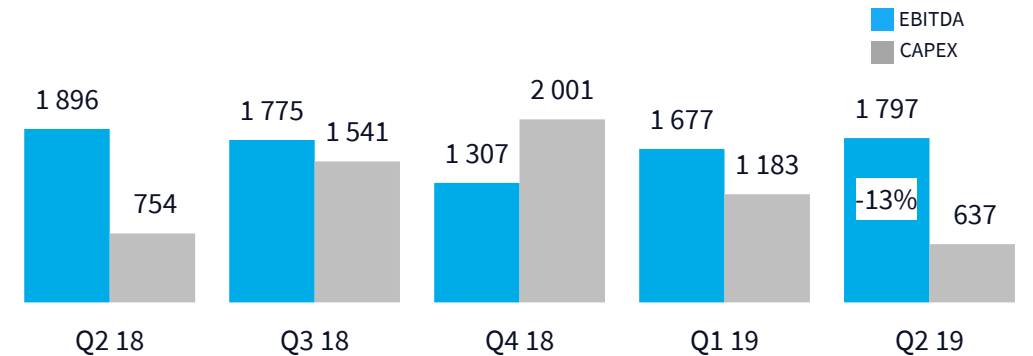


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

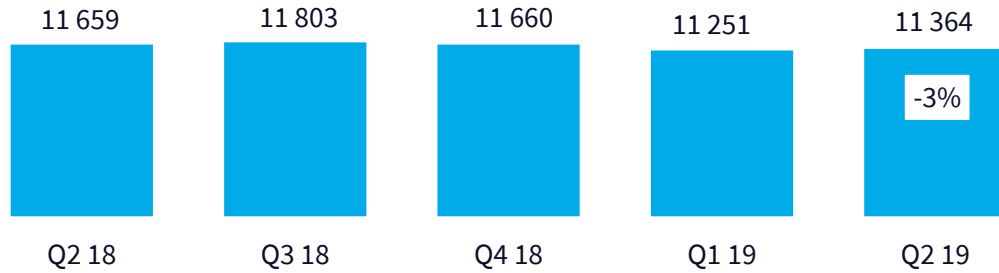


Organic growth

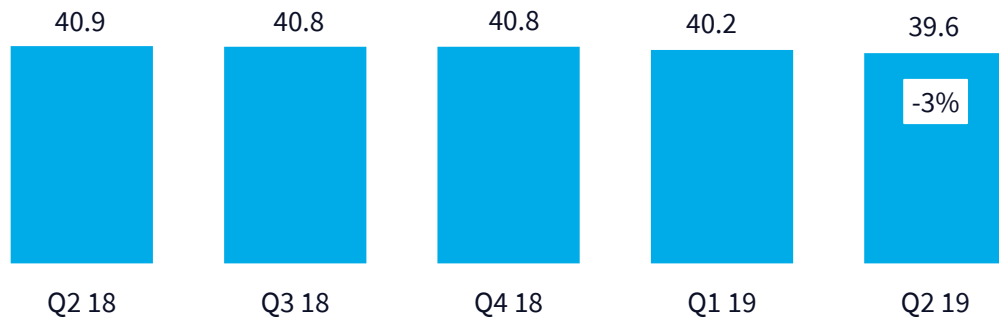


Malaysia (Digi)

Mobile subscribers ('000)

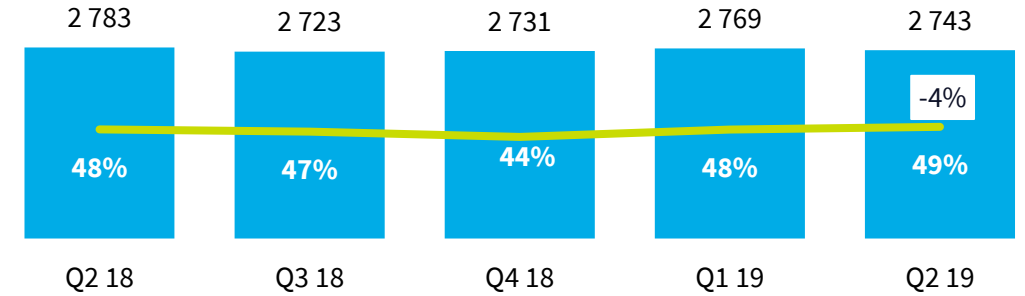


Mobile ARPU (MYR/month)

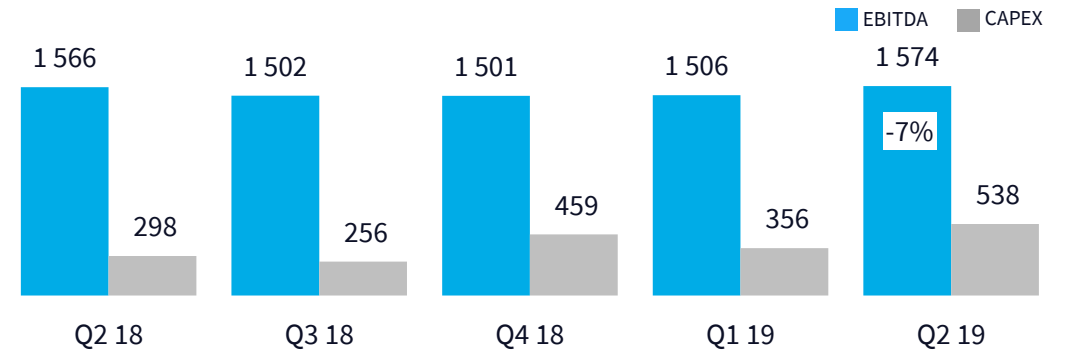


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



Organic growth

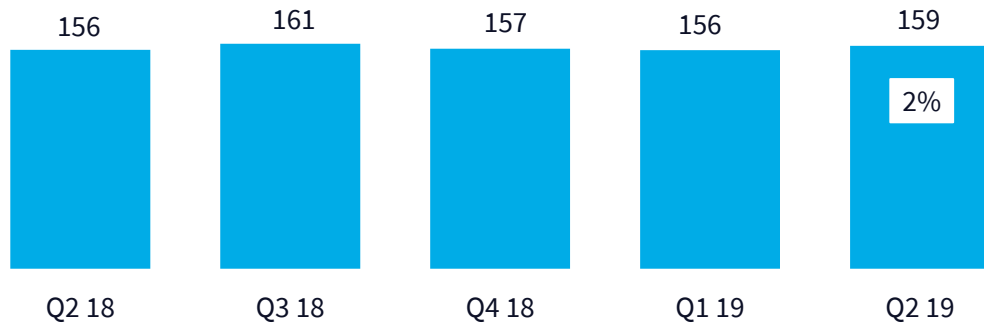


Bangladesh (Grameenphone)

Mobile subscribers ('000)

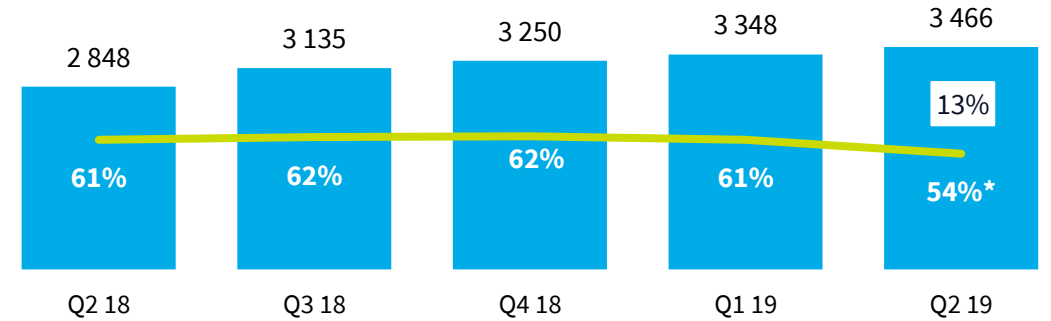


Mobile ARPU (BDT/month)

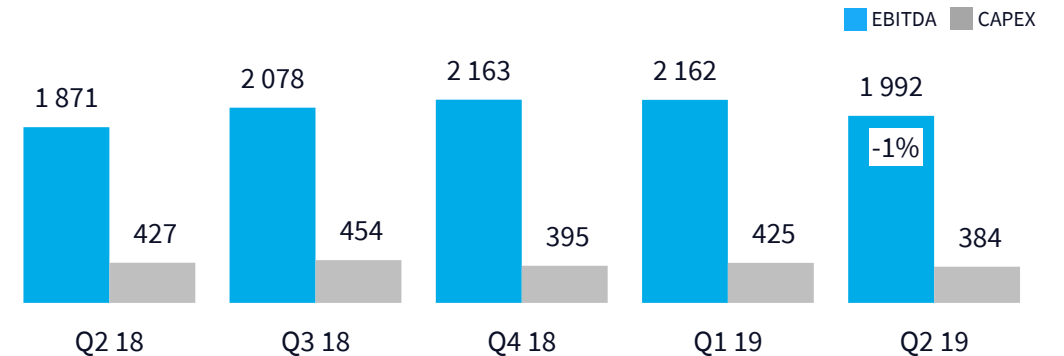


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



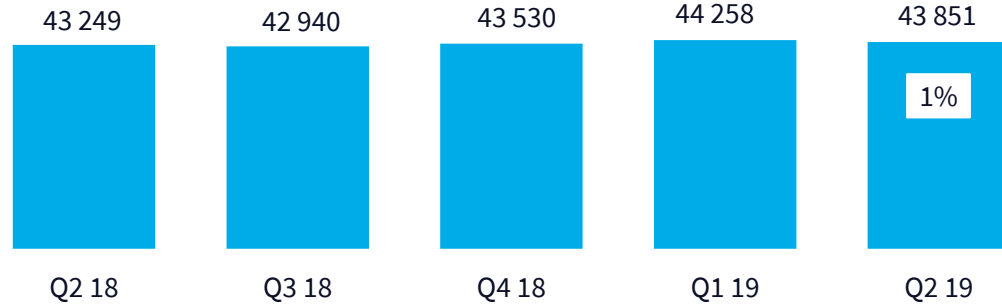
*62% EBITDA margin excluding provisions

Organic growth

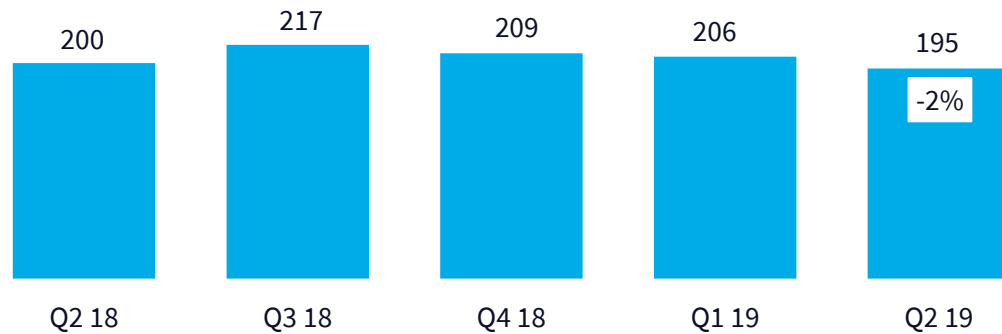


Pakistan

Mobile subscribers ('000)

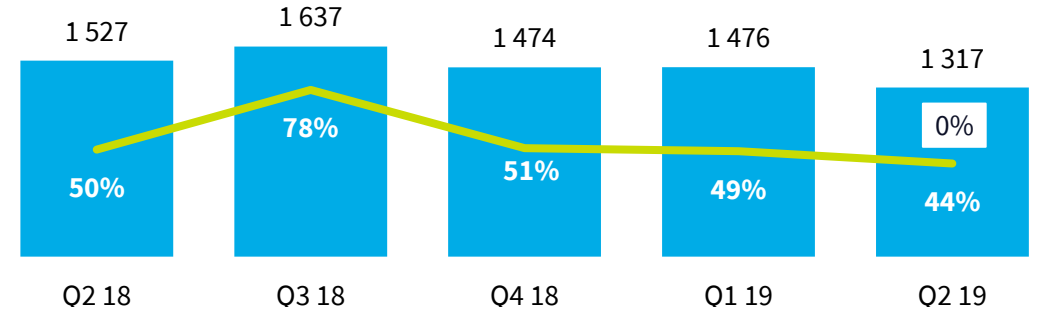


Mobile ARPU (PKR/month)

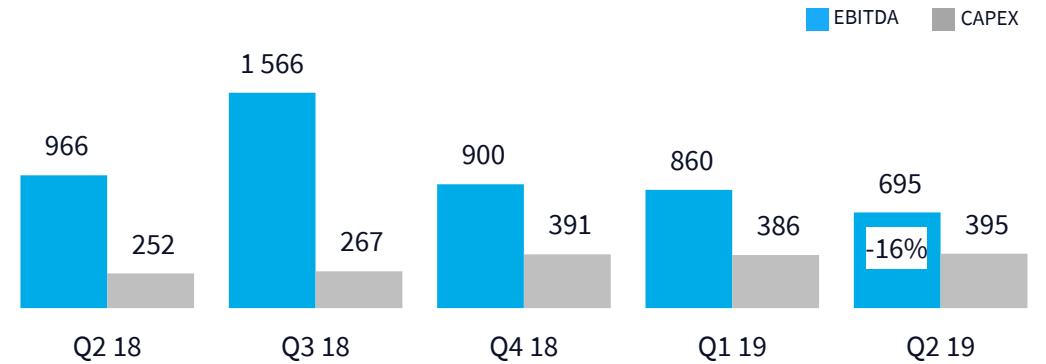


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

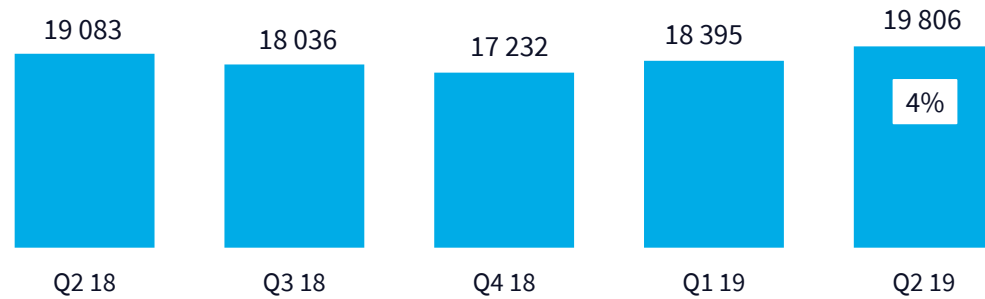


Organic growth

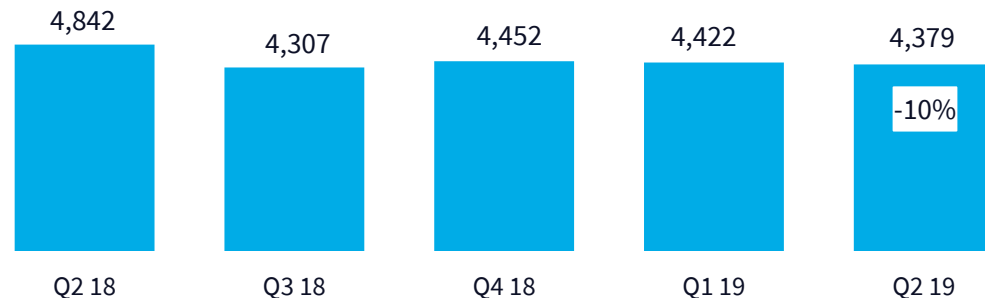


Myanmar

Mobile subscribers ('000)

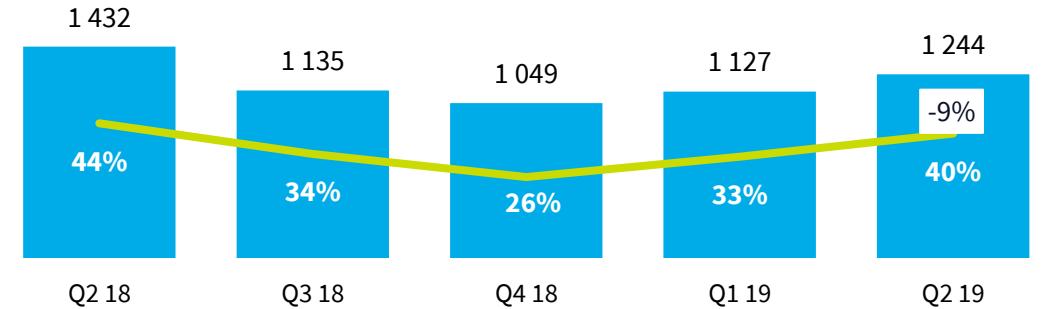


Mobile ARPU (MMK/month)

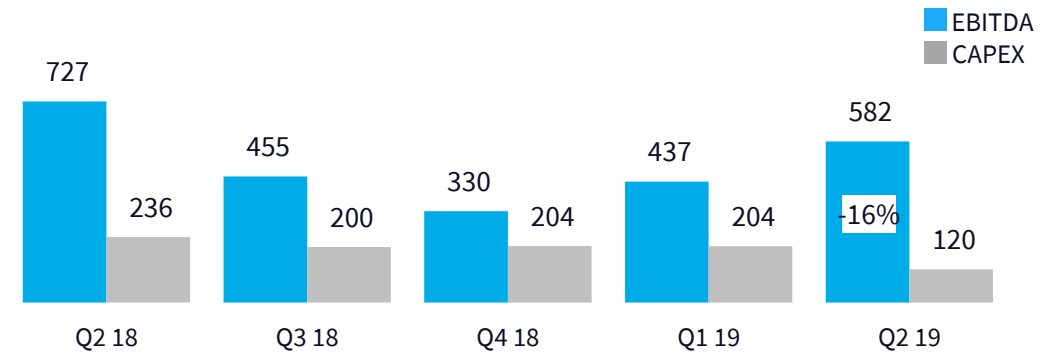


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



Organic growth

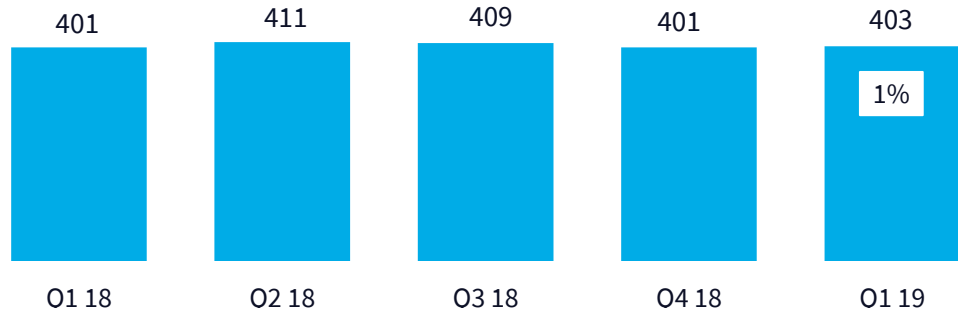


Broadcast

DTH subscribers ('000)

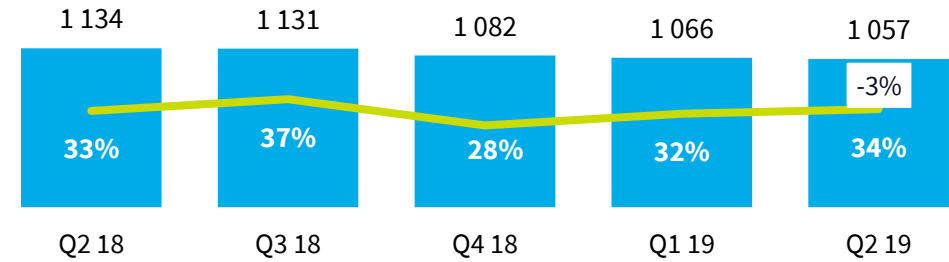


DTH ARPU (NOK/month)

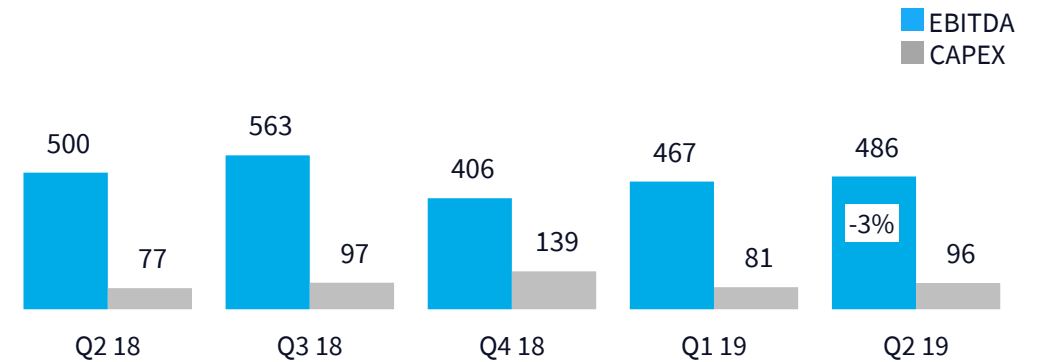


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

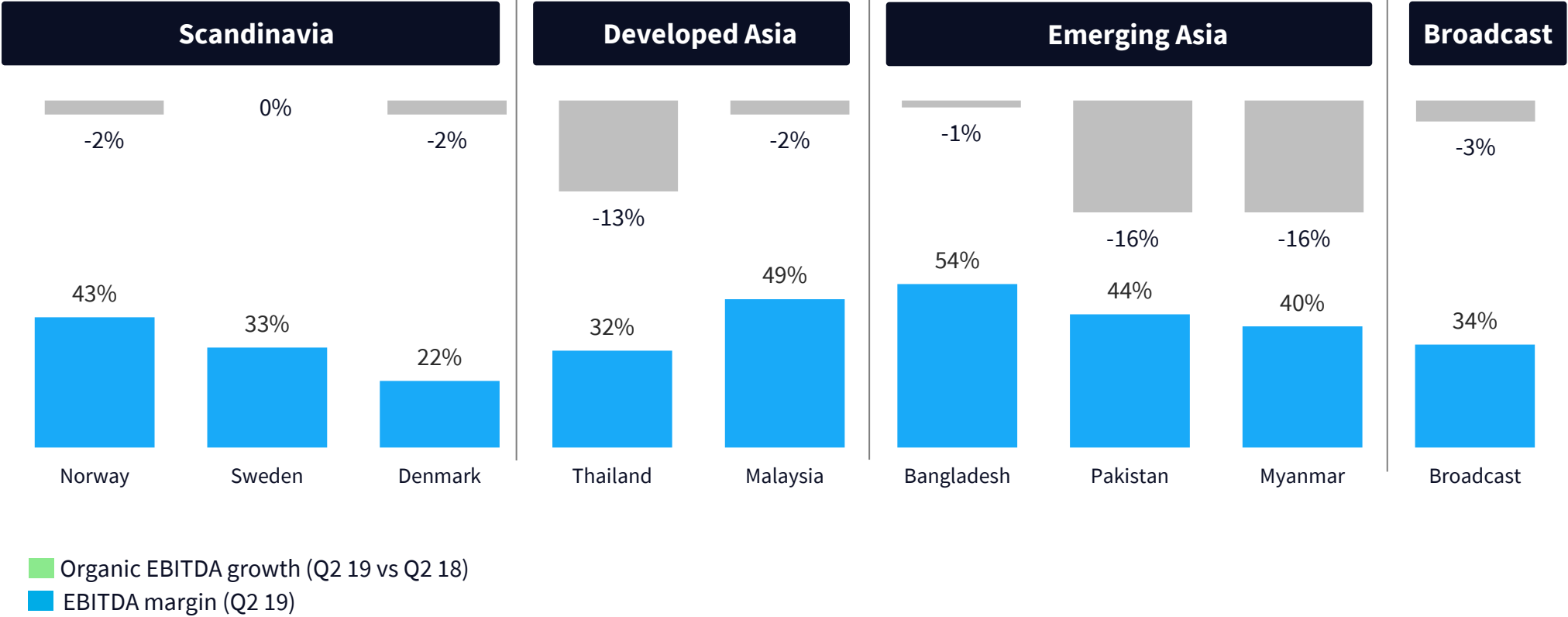


Adjusted for reversals in Q3 2018

□ Growth



Organic EBITDA growth



Q2 changes in revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	0.1 %	0.1 %	-1.8 %	-1.8 %
Sweden	-3.8 %	-2.6 %	-0.9 %	0.1 %
Denmark	-5.5 %	-6.8 %	-0.8 %	-2.2 %
Thailand	4.9 %	-3.7 %	-5.2 %	-13.0 %
Malaysia	-1.5 %	-4.1 %	+0.5 %	-2.2 %
Bangladesh	21.7 %	13.4 %	6.5 %	-0.8 %
Pakistan	-13.8 %	0.3 %	-28.0 %	-16.0 %
Myanmar	-13.1 %	-9.0 %	-19.9 %	-16.1 %
Broadcast*	-6.8 %	-6.7 %	-2.9 %	-2.9 %
Telenor Group	0.9 %	-0.7 %	-2.2 %	-3.8 %

*Revenues from Canal Digital DTH



Net income of NOK 3.1 billion for Q2 2019, EPS of NOK 2.12

NOK m	2018	Q2 2018	Q2 2019	Q2 2019 (IFRS16)	Impact of IFRS 16
Revenues	110,362	27,503	28,027	27,962	-65
EBITDA before other items	45,451	11,337	11,087	12,311	+1,225
Other items	(3,204)	(375)	23	(92)	-115
EBITDA	42,247	10,962	11,110	12,219	+1,110
Depreciation & amortization	(20,160)	(5,173)	(4,611)	(5,758)	-1,147
Operating profit	22,088	5,790	6,499	6,461	-38
Associated companies	(82)	10	(69)	(69)	
Net financials	(3,158)	(1,672)	(555)	(871)	-316
Taxes	(6,179)	(1,222)	(1,978)	(1,875)	+103
Profit (loss) from discontinued operations	4,773	611	(26)	(26)	
Minorities	2,711	872	775	747	-27
Net income - Telenor equity holders	14,731	2,645	3,095	2,871	-223
Earnings per share (NOK)	9.98	1.79	2.12	1.97	-0.15

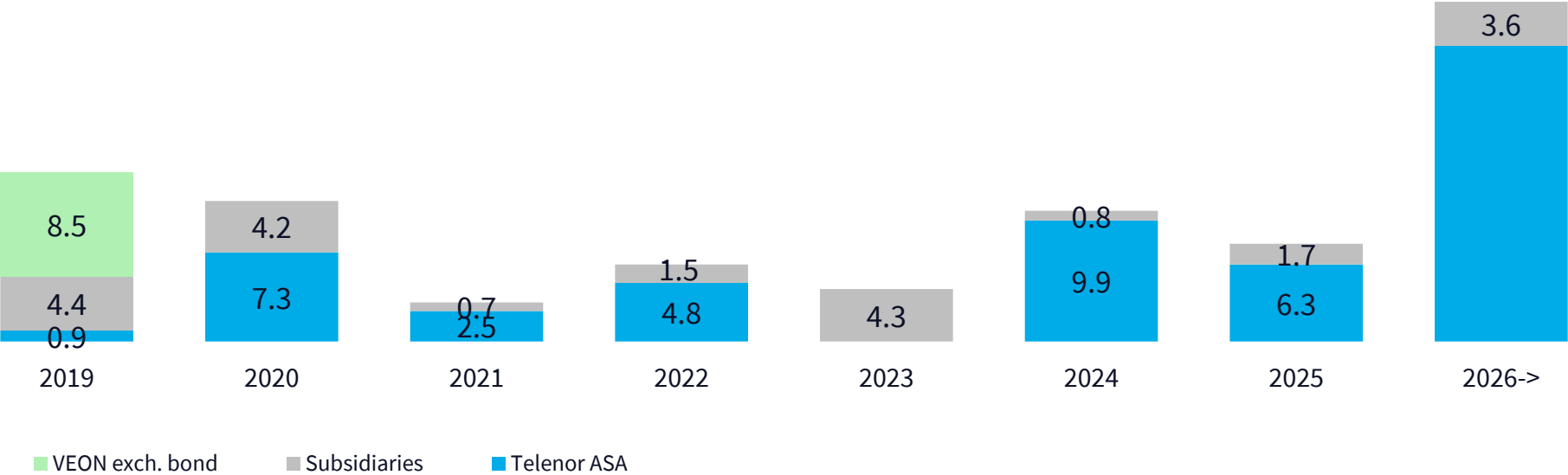
All figures according to accounting standard as of 31 Dec 2018 unless otherwise stated



Debt maturity profile (NOK bn)

Net debt in partly-owned subsidiaries:

NOK bn	Q2 2019	Q2 2018
Digi	5.0	4.6
dtac	12.8	4.6
Grameenphone	1.3	1.8



Net debt reconciliation

NOK bn	Q2 2019	Q2 2018	Q4 2018
Non-current interest bearing liabilities	74.0	45.5	55.1
Non-current lease liabilities	0.6	0.8	0.8
Current interest bearing liabilities	(25.7)	(25.5)	15.7
Current lease liabilities	-	0.1	0.1
Cash and cash equivalents	(42.4)	(18.6)	(18.5)
Fair value hedge instruments	(1.9)	(1.4)	(1.5)
Financial instruments	(0.3)	(0.3)	(0.4)
Licence obligations	(11.9)	(2.3)	(11.8)
Net interest bearing debt excl. licence obligations	43.9	49.3	39.5



Balance sheet and key ratios

IAS 17 accounting standard	30 Jun 2019	30 Jun 2018
Total assets	233.9	192.9
Equity attributable to Telenor ASA shareholders	39.4	47.2
Gross debt*	87.8	71.1
Net debt	43.9	49.3
Net debt/EBITDA	1.0	1.1
Return on capital employed**	18%	17%

*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities

***) Calculated based on an after tax basis of the last twelve months return on average capital employed



Return on capital employed

Return on capital employed (IAS 17)

